

# WADCO NEWS

Volume 2

Plainville, Mass., February 25, 1921

Number 4

## The Federal Income Tax

It has occurred to us that at this particular time, while you and I are searching our minds for the solution of the tax problem, it might be well to review, in a general manner, the history and inception of the income tax and discuss the different methods

The purpose of this article is not what to do, nor how to do it, but rather to acquaint you with the evolution of the income tax laws.

From our varied experience with this uncertain problem we find that very seldom do the same technicalities arise in any two tax returns and to tell you how to prepare your particular paper would take volumes of quotations from different decisions rendered on similar returns and peculiarities, and even then you would probably have to submit your case to a specialist to be analysed. Not only that, but these same specialists, men of great experience and study on this subject very often vary in their conception of the applications of the different clauses contained in the income tax law. In face of this, we would hardly wish to take the responsibility of advising through this article.

The Income Tax law may be traced back to the days of the Civil War, when on August 5, 1861, Congress passed an act levying a tax of 3 per cent. on all incomes in excess of \$800 and in the following year reduced the exemption to \$600. Surtaxes were assessed at 5 per cent on all incomes over \$10,000. This particular tax drew revenue from more than 275,000 individuals and netted the government in excess of \$375,000,000, a small amount as compared with the enormous revenues collected today, and yet it sufficed as well as the collections of today. This law expired by limitation in 1871.

In 1894, the next income tax law was passed by Congress, and in the following year the Supreme Court held that it was unconstitutional on the ground that it was a direct tax and as such, could only be levied if apportioned according to the population of the various states.

In 1909 a Special Excise tax applicable to corporations, at the rate of 1 per cent on entire net income

over \$5,000, received by corporations from all sources, was accepted by the Supreme Court as constitutional, and this tax remained in force until the Act of 1913 replaced it.

In 1913, the sixteenth amendment to the Constitution was passed, providing that Congress shall have the power to lay and collect taxes on income from whatever source derived, without apportionment among the several states and without regard to any census or enumeration. Immediately after the ratification of this amendment, Congress began laying plans for an income tax law which was finally approved on October 3, 1913, and effective from Mar. 1, 1913. This law was held to be constitutional by the Supreme Court in the famous case of Brushaber vs. Union Pacific R. R., although many of its Treasury Department rulings have not been upheld by the Supreme Bench.

The personal exemption allowable in this tax levy was \$3000 for a single person and \$1000 extra in the case of a married taxpayer. It was applied to the incomes at the rate of 1 per cent. on net income and was gradually increased to 6 per cent on the incomes of \$500,000 and over. This tax yielded \$71,000,000 the first year and was collectible at source. Collectible at source is a novel feature of the tax and was probably copied from the English method of collection which required that all persons or corporations paying to individuals, incomes in form of wages, interest, rent, etc., of \$3000 or \$4000 were required to deduct 1 per cent. tax from this amount payable and turn it over to the Collector of taxes. This method of collection caused so much complaint that it was soon abandoned because those to whom the duty of collection fell disliked the duty of collecting in this manner.

In 1916 the law of 1913 was repealed and a new income tax levied on the taxpayer. The principle of the tax and application was about the same as that of 1913 fundamentally, and its purpose was merely to raise the rate of taxation from 1 per cent to 2 per cent. on small incomes and from 1 per cent to 13 per cent. on incomes of great volume. It may be added that it also was revised to

draw better distinctions and remodel those parts of the 1913 law that had caused so much friction.

This particular tax yielded about \$360,000,000 and yet such a sum was entirely inadequate to meet the tremendous expenses caused by our entry in the war in 1917, consequently an act was passed in 1917 raising the tax rates to a level never before approached in the history of taxation. The 1917 law which was passed on October 3, 1917 was merely a revision to the law of 1916 and by its radical changes in regard to exemptions being disallowed and lowered and wages increasing abnormally as money lost its old standard of exchange, we for the first time probably began to feel the effect of the income tax laws. A new normal tax rate of 2 per cent. was imposed on individuals and a rate of 4 per cent levied on corporations, while surtaxes ranged from 1 per cent. to 50 per cent. on larger incomes with reference to their derivation. As you all know, the 1917 law reduced personal exemption of the workingman and all others to \$1000 for a single person and \$2000 for a married taxpayer, with various other exemptions such as \$200 for each dependent child and so on.

The rates levied against the individual taxpayer in the law of 1918 were 6 per cent. applicable against income of \$4000 and under, with a normal rate of 12 per cent. on income in excess of this amount. Corporations were taxed at the rate of 12 per cent. during this period and were further taxed on their excess profits. These rates, however, were of short duration and a revision followed, effective on January 1, 1919, wherein the individual taxpayers were taxed on their income at the rate of 4 per cent. on the first \$4000 and under, with a normal rate of 8 per cent. on income in excess of this amount. Corporations were taxed at the rate of 10 per cent. and the excess profit tax was still enforced.

The law of 1918 is still in effect and many of you have felt its sting. As to the question of when it will be repealed, you know as much about it as we do, but our opinion is, that it will be some time into the future be-

Continued on Page 2, Col. 2.



## Wadco News

PUBLISHED SEMI-MONTHLY  
by the Employees of Whiting & Davis  
Company, Plainville, Mass.

### PUBLICATION COMMITTEE

J. O. Gagnon, *Chairman*

W. M. Fuller Lee Higgins F. Gaddes  
O. Soderstrom H. B. Rowan

EDITOR . . . C. H. PEASLEY  
ASST. EDITOR, CATHERINE KENNEDY

COMMERCIAL PRESS-PRINTERS

## EDITORIALS

### Remember!

**March 1st—State returns must  
be filed.**

**March 15—Federal Returns must  
be filed.**

### Answer to "Why Is This?"

1. That the "intelligent bunch of people" have to go some to get ahead of Henry's girls who are all in line before the bell rings and ready for the hundred yard dash, and have no respect for old age.

2. After rushing every day at piece work, it is a force of habit to keep on rushing.

3. It is a pleasure to "hear" Arthur Plante start his car—when it is "frozen up."

When we went to school we did not jump over desks nor children to see who could reach the door first. We stood and let one aisle go out. Now, I think we could do something of that sort here. We are only children grown up (at least we are supposed to be). Why not stand up and go in turn to ring out. It would not take any longer than it does to jump and walk over the others to the clock first. The car won't go until the crowd gets there.

Dear Editor: Will you kindly correct the mistake in your last issue. The price of the "Purring Motor" is \$750 not \$600.—(Signed) H. Crowther.

### Continued on Page 1, Col. 1.

fore we can do without taxation by this method, unless some new and more practical scheme of taxation can be introduced to replace it, such as the 1 per cent. Sales Turn-over Tax.

This entire article deals with the Federal Income Tax and should not be confused with the State Tax which you have just made out and forwarded to the State Collector to be there on or before March 1, 1921. The Federal Tax is due to be returned by the 15th of March and the accounting department will be at your service in rendering these returns should you so desire, and any questions not within their understanding will be referred to the Company's tax adviser.

### MIDDLEBORO NEWS

Evelyn has a diamond  
Which to her is very dear,  
And Gladys had a shower  
So *their* honeymoon is near.  
Lucy has a hope chest,  
Will she hope in vain?  
Beatrice thinks a man  
Is very hard to gain.  
If she should ask the matrons  
Who have been through the mill,  
I know they'd surely tell her  
"There's a way, if there's a will."

Frances dressed in a hurry,  
The result was surely "a scream,"  
When she arrived one stocking was  
brown,

The other a beautiful green.  
Hazel, she has whispered  
That "wedding bells we'll hear"  
But who *he is*, we wonder  
For we never see him near.  
Mildred's boudoir cap is missing,  
Now we always see her eurls.  
Corina she is wearing  
A brand new string of pearls.

Dora, she is love sick,  
And completely "on the blink,"  
Annie's so industrious  
She hasn't time to think.  
Marie says "she's disgusted  
And on fellows is not keen."  
Sophia wears a new ring  
With stone of brilliant green.  
We miss Eulalia singing,  
For she has gone away.  
Reginald is so bashful,  
Not a word he dares to say.

Arthur's girl has vanished,  
So he's feeling pretty blue.  
Norinan he is quiet and  
Sticks to work like glue.  
The Boss's look of sadness  
I wish that we could cure,  
That "he'll never, never smile again"  
We are often very sure.  
But then he is a genius,  
And many things can make,  
For the bed he built for his baby boy  
I'm sure would "take the eake."

Charlie does not here belong,  
His place is in burlesque,  
So the tantalizing things he does  
We have to take in jest.  
If Johnny's heart should get on fire  
We'll ring "a still" alarm  
And expect his Plainville comrades  
To rescue him from harm.  
And Billy often tells us  
That "he has a wife at home,  
And if he does not now behave  
She'll whack him on the dome."  
—HATTIE GOODWIN.

Horace originated the idea of wearing coarse cotton gloves while about his duties in the shop. Later he may affect clogs and dress suit. Then we will elect him to our minstrel troupe.

Ed. Herlin took a trip in "The Green Dragon" to New York a little while ago. We would be interested to know if he enjoyed the blow-outs.

What an awful thing it would be if a pickpocket were to touch William Stevensen of the Gold Department. Bill is in the habit of carrying eight pints every day. Only milk!

The Repair Department has been moved into the corner shop where they have practically a little factory of their own with coloring, soldering, polishing and assembly departments. Arthur Boehnkee is foreman of the new factory.

Hector Coutu might not be much of a fox hunter but he has proved his ability as a fox-trotter.

We hear that when Horace Cheever got a strike the other night, he pitched the next two balls down the gutter. Taking pity on them, Horace?



## SPORTS

FRANK BROWN, Editor.

Our artist has spread on paper some of the scenes he saw at the great basket ball game which took place between the so-called Hinkey Dinks who represented the office force and the Hambones who represented the brains of the Die Sinkers.

Those who were not there missed the times of their lives. There were times when the lives of some of the players were hanging in the balance. The hall was prettily decorated with potted plants, mostly of the Sir Arthur variety, in fact the entrance of the hall was more than guarded by a serious looking plant not very pretty to look at, but much alive when stirred up. Bill Barton for Hinkeys secured some strangle holds on various occasions but when Fulton got a scissors hold on Bill he gave up and took the count willingly. Sturge tried and tried again to make his big D assert itself, but he found that the going was a little rough in spots for him. Ray Fulton was the star, having eaged ten baskets during the struggle. He is very modest in his make-up and for that reason he let up in his play as he did not want to make the college boys look like pikers.

The teams were made up as follows:

Hambones—Contu, Fulton, Boyles, Bunch, Toothill, Clampitt, Waldron. Total 37.

Hinkey Dinks—Mayshaw, Evans, Rice, Meegan, Osterholm, Manchester, Barton. Total 8.

## Seen on the Side Lines

What was Officer Plant trying to do over in the corner? Put the handcuffs on Eva or were they only holding hands?

Three cheers for our old assistant manager Bill Kenney for jumping in and furnishing music while the regular orchestra were on their way. Did you notice Horace, he of the poisoned hands? He still wears cotton gloves and delights dancing with the younger set. Oh, you kid!

A NEW VARIETY.



THE OFFICER PLANT-E.

THE HINKY-DINKS TAKE A TRIMMING.



THE WAY BARTON LEFT THE DRESSING ROOM FOR ACTIVITIES.

CAN IT BE DONE AGAIN—?

Achie Walden, who was the referee, was surprised to see such talent as was shown in both teams, so look out, boys, he will be after some of you for his all-stars.

Bowling still holds the athletes. The ladies of the Gold Mesh Department felt they had something they could put over on the Soldered Mesh girls, so they gave them a game with the following results:

## GOLD MESH

McClemmens,	60	67	53	170
Curran,	41	38	66	146
St. John,	57	51	62	170
Passmore,	37	67	34	138
Gilbert,	47	66	31	145

769

## SOLDERED MESH

Whiting,	52	52	76	180
Larocque,	56	55	55	166
Cooke,	42	42	55	139
Gauvin,	48	36	44	128
Babineau,	65	62	73	200

813

Miss Babineau was high for the Soldered Mesh in the three-string totals and Miss Whiting carried off the laurels for a single string of 76.

The Planning boys have been going along fine trimming all comers until the Polishers got after them, and they did the trick. Now they are not so proud as of yore.

## POLISHING ROOM

Jillson,	93	97	91	271
Poor,	83	86	92	261
Lewowski,	79	97	90	266
Barrows,	83	83	106	272
Fawcette,	89	105	108	302

1372

## PLANNING ROOM

Crotty,	91	103	92	286
Spence,	96	70	78	244
Manchester,	96	84	82	262
Kenyon,	99	78	85	262
Manchester,	101	85	111	297

1351

This game was for a steak supper to be paid for by the losers. Fawcette is entitled to the first helping for his high string of 302. Gene and Ed showed some class for the planning boys, but could not polish off the lads from the shining department.

And who said that our worthy editor was a has been? Did you see him do the Wiggle Woggle and the Yipper Yapper in the true mediaeval style?





## CAUGHT IN THE MESH



### Echoes from Export

You ask where we are? Well, I'll tell you,

Over the wide, wide ocean,  
And across the rocky bar.  
And the answer comes from far

You ask what we are doing?  
Well, all through the live long day  
We are cutting tags and wrapping  
And putting bags away,

To be shipped to the far off countries,  
To the people strange and queer;  
To the men and women and children  
To fill their hearts with cheer.

And now we ask you to hurry  
All of our bags along  
And thereby relieve us of worry,  
So things won't all go wrong.

'Tis only a little we'er asking,  
And we hope you will grant us this  
To aid the packers and shippers  
And help complete our list.

And so with a will we are working  
Like each and every department,  
And we hope you will hear through  
out the year  
Echoes from the Foreign Department.

We are beginning to think there  
will be another (Mrs.) added to the  
Unsoldered Mesh Department if Ed-  
die R. of the tool room doesn't stop  
hanging around Violetta.

The unsoldered mesh girls are wonder-  
ing why the editor often passes  
them by without any comment in the  
paper. They say if he would keep  
his eyes open he would see enough to  
fill the back page. Ask Blanche and  
Lillie. And our little "inspectress"  
with her "violet" eyes can certainly  
find mistakes that keep Henry guess-  
ing whether he will put some one else  
on the job or not.

Who is it that walks on his heels  
in the Planning Dept.? B. B.—to save  
his soul (sole).

Lil's motto is—"Let George do it."

### Valentine Party

The Valentine Party and Supper  
held by the Office, Planning, Foreign  
and Repair Departments sure was the  
big event of the season. The table  
was prettily decorated, with favors  
'n everythin', and justice was done to  
the supper served by Mr. Olsen, even  
though it was interrupted by the  
spasms of laughter caused by the  
"Yes" and "No" game which was in  
progress all evening. How they did  
hate to part with their arrows! Other  
games followed fully as interesting,  
and the party was complete even to  
the music, dancing and chorus girls.  
The fun lasted until a late hour, and  
all expressed their appreciation to the  
social committee, and Mr. Whiting,  
who so kindly allowed the use of the  
restaurant.

Our worthy Editor has, no doubt,  
received many, funny or otherwise,  
answers to the query in the last edi-  
tion of the Wadco News, why our em-  
ployees will risk life and limb to get  
to the time clock.

Now if we consider similar cases in  
every-day life we find that it is only  
a natural impulse most of us indulge  
in. It is not so much the desire to  
be out of the shop or office, but that  
latent spirit of rivalry, that wishes to  
be first, whenever we are conscious of  
the fact that someone else is trying to  
"get ahead" of us, that makes us act  
in the manner noted.

In conclusion notwithstanding  
what some wiseacres might claim, it  
is not so much the wish to be out of  
the shop that should be emphasized,  
but the fact that after a day's work  
we are still so full of spirit, that we  
sprint up the aisle, down the stairs,  
challenge a friend to a game of pool  
or perhaps make a date with a lady  
fair. Look us over right and you find  
there is a reason in most everything  
we do.

P. J. S.

Gagnon would be very glad to know  
what happened to his can of soap one  
night a week or two ago. Perhaps a  
certain tool-maker could tell him.

Everett Davis is working in the  
Sherbrooke factory for a few months.

Chester Anderson spent a couple of  
weeks in Chicago at the "Fashion  
Show" for the Company.

Dandekian was married Feb. 5, in  
Fitchburg. The Mesh Department  
presented him with a large oak dining  
room table.

Alfred Chabot, night foreman of  
the Mesh Department, was taken to  
the Bristol County Sanatorium a few  
weeks ago. He is reported as resting  
comfortably.

Mrs. F. Wolle of the Joining Ma-  
chine Department has been taken to  
the Milford Hospital for appendici-  
tis.

The Joining Department has moved  
into their new quarters.

I fail to see why the editor wants  
an answer to the question on the front  
page when he has already answered  
it himself. We are ruled by our hab-  
its. It is a habit.—Irene Blanchard.

She—"I don't like you, Al, when  
you wear a red necktie."

He—"Alright, I'll buy a gross of  
them."

Anyone wishing to have their house  
cleaned apply to Byron Gardner. The  
Chain Company will give him a good  
reference.

It gave Catherine Kennedy a ter-  
rible appetite to see "Apple Blos-  
soms." She had to stay in town for  
supper, which consisted of a dough-  
nut and a cup of coffee.

Dan Crotty learned something  
about Sloan's Liniment, as well as  
about hockey the other day.

Someone asked Frank Murphy if  
his folks were well-to-do. "No, they  
are hard to do," replied Frank.

John Killian, of the Chain Com-  
pany, went to New York recently on  
business for the firm.